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October 28, 2009

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **JEWISH VOCATIONAL SERVICE CONTRACT REVIEW – A
COMMUNITY AND SENIOR SERVICES WORKFORCE INVESTMENT
ACT PROGRAM PROVIDER – FISCAL YEAR 2008-09**

We completed a program, fiscal and administrative contract compliance review of Jewish Vocational Service (JVS or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

Background

CSS contracts with JVS, a private non-profit organization, to provide and operate the WIA Youth, Adult and Dislocated Worker Programs. The WIA Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. The WIA Adult and Dislocated Worker Programs assist individuals in obtaining employment, retaining their jobs and increasing their earnings. JVS serves participants residing in the Third District.

JVS is compensated on a cost reimbursement basis and has a contract for \$363,421 for Fiscal Year (FY) 2008-09.

Purpose/Methodology

The purpose of our review was to determine whether JVS complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services

outlined in their County contract. We also interviewed Agency staff and evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines.

Results of Review

Generally, JVS provided the required program services to eligible participants and maintained sufficient internal controls over its business operations. However, JVS billed CSS \$2,669 in questioned costs.

In addition, JVS did not always comply with WIA and County contract requirements. For example, JVS did not:

- Obtain a criminal record clearance, which includes fingerprinting, as required by Section 27.4 of the County contract for all five employees sampled.
- Meet all the FY 2008-09 third quarter planned performance outcomes as outlined in the County contract for the WIA Dislocated Worker and Youth Programs.
- Report expenditure accruals on the final close-out invoice as required by WIA Directive LACOD-WIAD08-19.
- Maintain signed Certification and Release Authorization forms as required by WIA Directives LACOD-WIAD08-16 and IB-DWA-00-008 for all 30 participants sampled. Subsequent to our review, JVS provided copies of the signed Certification and Release Authorization forms for ten (33%) of the 30 participants.
- Accurately report the participants' program activities on the Job Training Automation System for five (25%) of the 20 WIA Adult and Dislocated Worker participants sampled as required by WIA Directive LACOD-WIAD08-20.

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with JVS and CSS on August 7, 2009. In their attached response, JVS generally agreed with our findings and recommendations. JVS also agreed to repay \$1,310 of the \$2,669 in questioned costs. However, JVS did not agree to repay the remaining \$1,359 (\$2,669 - \$1,310) in questioned costs. JVS submitted additional documentation to support \$464 and requested forgiveness for \$895 on the questioned costs. The additional documentation provided did not adequately support the \$464. JVS needs to repay CSS the remaining \$1,359 in questioned costs.

Due to the confidential nature of the documents provided by JVS, we did not include the attachments referenced in their response. We thank JVS for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia D. Banks, Director, Community and Senior Services
Vivian Seigel, Chief Executive Officer, Jewish Vocational Service
Sunny Caine, Chairperson, Jewish Vocational Service
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
JEWISH VOCATIONAL SERVICE
FISCAL YEAR 2008-09**

ELIGIBILITY

Objective

Determine whether Jewish Vocational Service (JVS or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for 30 (42%) (ten adults, ten dislocated workers and ten youths) of the 72 participants that received services between July 2008 through January 2009 for documentation to confirm their eligibility for WIA services.

Results

Generally, JVS maintained appropriate documentation to support the eligibility of the 30 participants sampled.

Recommendation

None.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 30 (42%) participants that received services during July 2008 through January 2009.

Results

Youth Program

Generally, JVS provided the services in accordance with the County contract and WIA guidelines for the WIA Youth Program. However, JVS did not:

- Maintain signed Certification and Release Authorization forms as required by WIA Directive LACOD-WIAD08-16 for all ten participants sampled. The Certification and Release Authorization Form provides the participant the option of authorizing or withholding authorization of the release of information in the participant's Individual Service Strategy (ISS) plan.
- Complete the ISS plan, such as the goals and service plan sections, for one (10%) of the 10 participants sampled. The ISS is an on going strategy jointly developed by the participant and case manager that identifies the participant's employment goals, appropriate achievement objectives and a combination of services to achieve long term employment.

Subsequent to our review, JVS provided copies of the signed Certification and Release Authorization forms for all ten participants and provided a copy of the completed ISS plan for the one participant.

Adult and Dislocated Worker Programs

Generally, JVS provided the services in accordance with the County contract and WIA guidelines for the WIA Adult and Dislocated Worker Programs. However, JVS did not:

- Maintain signed Certification and Release Authorization forms as required by WIA Directive IB-DWA-00-008 for all 20 participants sampled. The Certification and Release Authorization Form provides the participant the option of authorizing or withholding authorization of the release of information in the participant's Individual Employment Plan (IEP).
- Accurately report the participant's program activities for five (25%) of the 20 participants sampled on the Job Training Automation (JTA) System within 12 days of the month following the reporting period as required by WIA Directive LACOD-WIAD08-20. The State of California Employment Development Department and the Department of Labor use the JTA System to track WIA participant activities. A similar finding was also noted during the prior two years' monitoring reviews.

Recommendations

JVS Management:

- 1. Ensure that staff maintain signed Certification and Release Authorization forms in the participants' case files.**
- 2. Ensure that staff accurately update the Job Training Automation System within 12 days of the month following the reporting period to reflect the participants' program activities.**

PERFORMANCE OUTCOME REVIEW

Objective

Determine whether JVS met the planned performance outcomes as outlined in the County contract. The performance outcomes included measuring the number of participants that enrolled in the program, exited the program, completed training and/or gained employment.

Verification

We compared their Fiscal Year (FY) 2008-09 actual performance outcomes for the third quarter to the planned performance outcomes outlined in the County contract.

Results

JVS met all the FY 2008-09 third quarter planned performance outcomes as outlined in the County contract for the WIA Adult Program. However, JVS did not meet all the FY 2008-09 third quarter planned performance outcomes as outlined in the County contract for the WIA Dislocated Worker and Youth Programs. Specifically:

FY 2008-09 3RD QUARTER PERFORMANCE OUTCOMES												
WIA PROGRAMS	ENROLLMENTS			TRAINED			EXITS			PLACEMENTS		
	Planned	Actual	% Enrolled	Planned	Actual	% Trained	Planned	Actual	% Exited	Planned	Actual	% Placed
DISLOCATED WORKER	17	10	59%	MET PLANNED PERFORMANCE OUTCOMES			MET PLANNED PERFORMANCE OUTCOMES			MET PLANNED PERFORMANCE OUTCOMES		
YOUTH	43	18	42%							12	8	67%

A similar finding was also noted during the prior year's monitoring review.

Recommendation

3. JVS management ensure that planned performance outcomes are met as required by the County contract.

CASH/REVENUE

Objective

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed JVS' bank activity for October, November and December 2008.

Results

JVS maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

None.

COST ALLOCATION PLAN**Objective**

Determine whether the Agency's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

Verification

We reviewed the Cost Allocation Plan and a sample of expenditures incurred by the Agency in July 2008 and December 2008 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

Generally, JVS' Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

None.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support 35 non-payroll expenditure transactions billed by the Agency for July and December 2008, totaling \$12,103.

Results

JVS billed CSS \$3,204 in questioned costs. Specifically, JVS did not maintain adequate documentation, such as invoices, receipts and/or documentation to support the expenditures totaling \$3,204. Subsequent to our review, JVS provided additional documentation to support \$1,399 of the \$3,204 in questioned costs.

Recommendations**JVS management:**

4. **Repay CSS \$1,805 (\$3,204 - \$1,399) or provide adequate documentation to support the expenditures.**
5. **Maintain adequate documentation to support program expenditures.**
6. **Bill CSS for actual program expenditures.**

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Generally, JVS maintained sufficient internal controls over its business operations and complied with other program and administrative requirements.

Recommendation

None.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether JVS' fixed assets and equipment purchases made with WIA funds are used for the WIA Programs and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we performed an inventory and reviewed the usage of ten items purchased with WIA funds, totaling \$17,010.

Results

JVS used the equipment purchased with WIA funds for the WIA Programs and the assets were safeguarded.

Recommendation

None.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll expenditures were appropriately charged to the WIA Programs. In addition, determine whether the Agency obtained criminal record clearances, verified employability, and maintained current driver's licenses and proof of automobile insurances for the employees assigned to the WIA Programs.

Verification

We traced the payroll expenditures invoiced for 11 employees totaling \$14,568 for December 2008 to the Agency's payroll records and time reports. We also interviewed one staff member and reviewed the personnel files for five employees assigned to the WIA Programs.

Results

JVS' payroll expenditures were appropriately charged to the WIA Programs. However, JVS did not obtain a criminal record clearance, which includes fingerprinting, as required by Section 27.4 of the County contract for all five employees sampled.

Recommendation

7. **JVS management obtain a criminal record clearance, which includes fingerprinting, for all employees assigned to the WIA Programs.**

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's FY 2007-08 final close-out invoices reconciled to the Agency's financial accounting records. During FY 2007-08, JVS' contracts included the WIA Youth, Adult, Dislocated Worker and Adult Special Needs Programs.

Verification

We traced JVS' FY 2007-08 general ledgers to the Agency's final close-out invoices for FY 2007-08. We also reviewed a sample of expenditures incurred in April, May and June 2008.

Results

JVS billed Community and Senior Services (CSS) \$4,462 in unsupported expenditures. Specifically, JVS' FY 2007-08 general ledgers did not support the expenditures, such as internship and workshop related expenditures, billed to CSS in their FY 2007-08 final close-out invoices. Subsequent to our review, JVS provided additional documentation to support \$3,598 of the \$4,462 in unsupported expenditures.

In addition, JVS did not report expenditure accruals on the final close-out invoice as required by WIA Directive LACOD-WIAD08-19.

Recommendations

JVS management:

Refer to Recommendation 5.

8. **Repay CSS \$864 (\$4,462 - \$3,598).**
9. **Report expenditure accruals on a quarterly basis as required.**



September 15, 2009

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Subject : Response to JVS Contract Review- Fiscal Year 2008-09

The following is our response to the recommendations made by the Auditor-Controller in the FY 2008-09 Contract review.

Recommendations;

1. We agree that Certification and Release Authorization forms are maintained in participant's case files are will ensure that this is done in the review of the files.
2. We will ensure that the JTA system is updated within 12 days of the month following activities
3. All planned performance outcomes were met and exceeded by the end of the contract year.
4. The questioned costs of \$1,805 are broken into 2 components -a) prepaid validations books \$895 and b) Monthly parking cards for individual employees \$910
 - a. The method of allocation used in the prepaid validations was questioned. We agreed that we would allocate either on actuals or FTE in the next year. We are currently implementing a change of process. This was a process problem and we respectfully ask that the \$895 be removed from the questioned costs
 - b. We accept that the allocation used to charge the WIA programs was not our regular FTE for the monthly parking cards. Attached is backup showing the employees getting the Access cards, the % they worked on the WIA programs and the allocation of the \$910 based on FTEs. The result is that \$464 of the \$910 was due to WIA programs. We therefore agree to repay \$446 of the \$910.
5. We strive to maintain adequate documentation to support program expenditures.
6. Agreed actual costs are billed to CSS
7. Agreed that JVS includes fingerprinting is included in the criminal record clearance
8. Agreed to repay \$864
9. A taskforce to determine methodology for accrual reporting was set up in a County meeting, September 3, 2009. We will comply with the Directives that result from this work

Sincerely

Olwen Brown
JVS, CFO

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